

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2987 - SB 2845**

February 13, 2012

**SUMMARY OF BILL:** Authorizes any member of the armed forces of the United States (U.S.) or a member of a reserve or Tennessee National Guard unit, who has been stationed outside the U.S., to ship any wine purchased while residing outside the U.S. to this state. The individual must apply for a license from the Alcoholic Beverage Commission (ABC) and pay a one-time non-refundable fee of \$100 plus any appropriate taxes. Removes the requirement that members of the Commission, the director, the chief law enforcement officer, and certain other personnel execute and give bond payable to the state as a condition for the faithful performance of their duties. Removes the requirement that the Commission test the contents, and inspect the label and container of any bottle brought into the state by a nonresident seller, in order to determine whether such products meet the requirements of the state and of the Commission. Removes the requirement that any manufacturer, distiller, rectifier, factor, broker, or vintner provide affirmation of corporate policy with the Commission in regards to sales of all brands owned, controlled, sold, offered for sale, franchised, or distributed.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$9,400/FY12-13/ABC Fund**  
**Exceeds \$2,400/FY13-14 and Subsequent Years/ABC Fund**

**Increase State Expenditures - \$200/FY12-13/ABC Fund**

**Assumptions:**

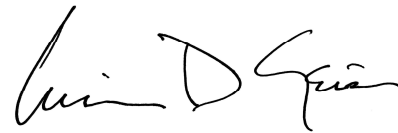
- ABC will incur a one-time increase in state expenditures of \$200 to develop and print the licensing form.
- According to the Tennessee Department of Military, there are currently 914 military individuals which are stationed outside the U.S., which have been deployed from a Tennessee military base.
- It is estimated that 10 percent, or 91 individuals (914 x 10%), will apply to ship wine into the state.
- The one-time fee to ship wine into the state is \$100. This will result in a one-time increase in state revenue of \$9,100 (91 x \$100).

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- It is estimated, beginning in the second year, 20 new applicants will apply for the license annually, resulting in a recurring increase in state revenue of \$2,000 (20 x \$100) in FY13-14 and subsequent years.
- Currently, the ABC levies a tax of \$1.21 on every gallon of wine sold or distributed.
- It is estimated that each licensed military member will ship an average of three gallons of wine per year.
- During the first year (FY12-13), such military members will ship 273 gallons (91 individuals x 3 gallons) of wine into the state, resulting in an increase in wine tax revenue of \$330.33 (\$1.21 x 273).
- During the second year (FY13-14), the state will experience an increase in wine tax revenue of \$402.93 [\$330.33 + (\$1.21 x 3 gallons x 20 individuals)].
- During the third year (FY14-15) and subsequent years, the state will experience a recurring increase in wine tax revenue estimated to exceed \$402.93.
- There could be an increase in state and local sales tax revenue levied on wine shipped into Tennessee. Any such increase is estimated to be not significant.
- According to the ABC, the Treasury has previously decided that the State's General Liability Bond covers the members of the Commission. ABC does not currently provide bonds payable to the state. Therefore, removing this requirement will not have a significant fiscal impact on the state.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jdb